

**MINUTES OF THE
REVENUE AND TAXATION INTERIM COMMITTEE**
Wednesday, May 19, 2010 – 10:00 a.m. – Room 445 State Capitol

Members Present:

Sen. J. Stuart Adams, Senate Chair
Rep. Todd E. Kiser, House Chair
Sen. Curtis S. Bramble
Sen. Ross I. Romero
Sen. Howard A. Stephenson
Sen. John L. Valentine
Rep. Tim M. Cosgrove
Rep. John Dougall
Rep. Gage Froerer
Rep. Gregory H. Hughes
Rep. Carol Spackman Moss
Rep. Stephen E. Sandstrom
Rep. Evan J. Vickers
Rep. R. Curt Webb

Members Absent:

Sen. Wayne L. Niederhauser
Rep. Susan Duckworth
Rep. Francis D. Gibson
Rep. Wayne A. Harper
Rep. Christine A. Johnson

Staff Present:

Mr. Phillip V. Dean, Policy Analyst
Mr. Bryant R. Howe, Assistant Director
Mr. Robert H. Rees, Associate General Counsel
Ms. Rebecca L. Rockwell, Associate General Counsel
Ms. Chelsea Barrett, Legislative Secretary

Note: A list of others present, a copy of related materials, and an audio recording of the meeting can be found at www.le.utah.gov.

1. Committee Business

Chair Adams called the meeting to order at 10:09 a.m.

Committee members and staff introduced themselves.

Mr. Dean distributed and reviewed "Revenue and Taxation Master Study Items," a document highlighting study items referred to the Committee by the Legislative Management Committee.

MOTION: Sen. Valentine moved to approve the minutes of the November 18, 2009 meeting. The motion passed unanimously. Rep. Froerer and Rep. Hughes were absent for the vote.

2. Overview of State and Local Revenues and Economic Trends

The Committee did not discuss this item.

3. UTOPIA Update

Mr. Rees distributed and presented "Selected Events in the History of the Utah Telecommunication Open Infrastructure Agency (UTOPIA)." He reviewed a brief history and background on the legislative action taken on this issue.

Mr. Alex Jensen, City Manager, Layton City, shared his experience as a board member of UTOPIA. He indicated that the UTOPIA network is necessary infrastructure for member cities. He stated that UTOPIA does not compete with local private providers, but provides infrastructure on which the private providers can compete.

Mayor Mike Winder, West Valley City, noted his experiences with UTOPIA in West Valley City and the increase in private service providers that have been triggered by UTOPIA's development.

Sen. Valentine questioned the revenues and expenses of UTOPIA. Sen. Stephenson requested additional financial information from UTOPIA.

Rep. Sandstrom questioned the tax burden put on the citizens of UTOPIA supported cities.

Sen. Bramble spoke about iProvo and requested that UTOPIA allow committee members access to its new revenue and expenditure model.

Mr. Royce VanTassell, Vice President, Utah Taxpayers Association, distributed and presented "UTOPIA's Operating Expenses and Revenues, FY 2002 to FY 2009" and "UTOPIA's Net Assets, FY 2002 to FY2009." He indicated that UTOPIA has an increasing operating deficit.

Mr. Todd Marriott, Executive Director, UTOPIA, distributed and explained "UTOPIA Information Packet." He explained that the UTOPIA model has been changed to address issues raised in today's discussion. He noted that UTOPIA would be willing to provide additional financial information to committee members.

4. School Property Tax Funding Overview

Mr. Dean distributed and presented "Property Tax and School Funding in Utah" and "Tax Year 2009 School District Actual Property Tax Levy Rates and Estimated Revenues." He discussed some basic indicators of school funding needs, school funding sources including income taxes and property taxes, and the fully equalized basic program. He explained that property tax bases vary among school districts.

Sen. Stephenson requested that equalization be studied further by the Committee. Specifically, he requested that the Committee discuss "back-pack funding," Rep. Newbold's equalization proposal, and information from lawsuits in other states relating to discrepancies in school funding.

5. Overview of Petroleum Industry and Related Taxes

Mr. Howe distributed and presented "Overview of Petroleum Industry and Related Taxes."

Ms. Rolayne Fairclough, AAA Utah, distributed and explained "Gas Prices Adjusted for State and Federal Taxes," which indicated that Utah has the highest gas prices in the U.S. outside of Hawaii and Alaska.

Mr. Lee Peacock, Utah Petroleum Association, encouraged the Committee to consider the various factors involved with petroleum pricing in the state.

Mr. Dave Davis, President, Utah Food Industry Association, spoke regarding his experience with petroleum prices in convenience stores and gas stations.

Mr. John Hill, Petroleum Marketers and Retailers Association, discussed the profit margins of gas stations.

Mr. Hill and Mr. Davis answered questions from the Committee.

6. Other Items / Adjourn

MOTION: Sen. Valentine moved to adjourn the meeting. The motion passed unanimously. Sen. Romero, Rep. Cosgrove, Rep. Dougall, and Rep. Froerer were absent for the vote.

Chair Adams adjourned the meeting at 12:13 p.m.